

DISPATCH



Monthly Newsletter of the West Jersey Chapter

The West Jersey Chapter of APICS is a 501(c) 3 non-profit organization dedicated to the continuing education of supply chain management professionals.

Editor – Dan Wohl

Volume 26, No. 3

November 2007

COME JOIN YOUR FELLOW PROFESSIONALS

APICS Professional Development Meeting November 15, 2007

Demand-Driven Benefits for Consumer Products Companies

Carol Wiener

Vice President of Consulting Services, Terra Technologies

Carol Wiener will discuss the benefits of demand-driven planning and strategies that manufacturers can adopt to become demand-driven. She will share valuable lessons learned from demand-driven initiatives at Procter & Gamble and Campbell Soup Company. Procter & Gamble anticipates more than a 10 percent reduction in safety stock and Campbell Soup has saved over \$10 million in inventory since implementing demand driven solutions.

5:30 – 6:00 pm	Networking
6:00 – 6:30 pm	President's Welcome
6:30 – 7:30 pm	Keynote Presentation by Carol Weiner
7:30 – 9:00 pm	Dinner

**Program Cost: \$35 preregister, \$40 at the door
non-member \$40 pre-register \$45 at the door**

To Register: <http://www.apics-westjersey.org/Events.htm>

Location: Hanover Manor, 16 Eagle Rock Ave, East Hanover, NJ 07936

Don't forget to bring along your business card and drop it in our fishbowl and be eligible to win a \$25 AMEX gift card.

Speaker Bio



Carol Wiener
Vice President of Consulting Services

Carol Wiener is responsible for providing overall leadership and direction for Terra's consulting services, including managing Terra's team of implementation consultants and working closely with customers to establish and maintain a high level of customer satisfaction. Prior to joining Terra, Carol spent three years as vice president of operations and professional services for Tibersoft Corporation and five years as vice president of professional services for Manugistics (now JDA). She holds a chemistry degree from the State University College at Cortland.

PRESIDENT'S MESSAGE

Pete DeCarolis
President



Last month we invited Jack Cook to present his views on getting LEAN in the office. For those of you who missed it missed a special presentation. For those of you fortunate folks who attended, I trust we lived up to your expectations.

Good supply chain practice dictates a strong demand driven philosophy. The pull action better serves the needs of today's fast paced industry standards. The consumer expects the best and should receive nothing less.

This month we'll have a representative from Terra Technology on hand to speak about Demand Driven Benefits for Consumer Product Companies. The presentation will be made by Carol Weiner VP of Consulting Services for Terra Technology. Carol is a past VP of Operations with Tibersoft and VP of Professional Services at Manugistics (JDA).

The holiday season is fast approaching and we are planning to be ready. This year our December PDM will venue a holiday party at the Hanover Manor. Our keynote speaker is expected to be a representative of the New Jersey Food Bank. The presentation will discuss the supply chain issues encountered in managing a volunteer organization dedicated to the feeding of the hungry. As a part of this event we will be host a food drop collection for the NJFB. Details will follow shortly.

Classes have begun for CSCP Certification. Check the web site at www.apics-westjersey.org for more information.

I am very interested in hearing what you're thinking and would welcome your comments concerning what we're doing and how we can make it more value added for you, the members. Don't hold back, I've got a thick skin and am open to constructive criticism.

See you on Thursday November 15 at the Hanover Manor.

Pete

EDUCATION NEWS

APICS Publishes New Dictionary

APICS recently published the 12th edition of their widely respected dictionary. The dictionary is the industry standard for supply chain professionals world-wide. It is the go-to document to obtain the latest definitions for industry terminology. The APICS

dictionary should be part of every supply chain professional's reference library.

One benefit of APICS membership is an APICS dictionary. If you are a member, call today to get your copy. Call the APICS customer service organization at 800-444-2742 and ask for your 12th edition.

West Jersey APICS Wants YOU! **... Join our Corporate Strategic Advisors Program**

We invite you to join our Strategic Corporate Advisors Program! Allow the West Jersey Chapter of APICS to help your company maintain your competitive advantage. We offer opportunities for ongoing education through attending our PDMs, and participating in Seminars, Conferences and Certification courses.

Serve as the contact in your company for the West Jersey Chapter of APICS.

- Provide notice via e-mail, announcements, and/or postings on Company bulletin boards of upcoming Professional Development Meetings (PDMs), Seminars and Educational offerings of the Chapter.
- Encourage your coworkers to join APICS, and attend APICS PDMs, Seminars and Educational offerings.
- Encourage your management to support APICS membership; attendance at APICS PDMs and Conferences; and APICS certification and education.
- Answer questions from coworkers about APICS membership, and the West Jersey Chapter of APICS.

Advantages for you and your Company:

- Special notice via e-mail of upcoming Professional Development Meetings (PDMs), Seminars and Educational offerings of the West Jersey Chapter of APICS.
- An open invitation to our monthly board meetings, so you can let us know how the West Jersey Chapter of APICS can meet the needs of your company.
- Recognition for you, and your company, for your support of the West Jersey Chapter of APICS.

For More information contact:

Dawn Fletcher, CPIM, VP, Company Coordinators at
973-408-8232 or dawn.fletcher.b@bayer.com.

You may also fill out your contact information on our website at www.apics-westjersey.org/Contact.

Five Tips for Better Demand Planning and Forecasting

Start with the premise that everything will not go exactly as planned.

By [David Blanchard](#)

Nov. 1, 2007 -- Yogi Berra once said, "It's tough to make predictions, especially about the future." While there's no magic formula for forecasting, there are several steps that companies can take to mitigate uncertainty and improve their demand planning capabilities. Knowing these steps is critical in helping companies avoid issues further down the supply chain, says Randy Strang, vice president of global solutions and implementation-retail with UPS Supply Chain Solutions. Strang offers the following tips to improving forecast accuracy.

1. One size does not fit all.

Forecasting needs and challenges vary widely, depending on a company's business model, size, geographic location and industry sector, among other factors. Even within a company, there are several different situations that require some form of forecasting for management control. Before tackling the demand planning process, manufacturing companies should clearly define their forecasting problems:

- Are you setting stocking policies or setting financial guidance?
- Do you have sporadic/lumpy demand or continuous volume?
- Are you looking at short-term or long-term financial projections?
- What are your allowable tolerances?

2. Understand the drivers of uncertainty.

There are numerous factors that can impact a company's ability to forecast accurately. Knowing these factors in advance helps companies plan ahead. Manufacturers should ask themselves:

- How consistent is your demand?

- What are the factors that influence the variable, or variables being forecast?
- What level of supply chain visibility do you have?
- How reliable are your modes of transport?
- Do you have access to multiple modes of transport?

3. Keep it simple.

Complex is not always better when it comes to demand planning. The forecasting method and tools that are right for a particular company depends on the level of support they need (see #1) and the level of data they have. The right solution could be a statistical approach or a consensus approach, a stand-alone tool or an enterprisewide solution. Common forecasting methods include:

- Time series methods look at historical data and project forward.
- Regression methods examine previous/historical averages and outcomes and hypothesize relationships among variables.
- Heuristic methods leverage the experience and expertise of company leaders.
- Consensus approach methods involve the right players across an organization.

4. Prepare for change.

Understanding the core competencies that a company needs in order to succeed at demand planning is critical. Before they embark on implementing or changing the demand planning process, companies should:

- Ensure that you have the right skill sets for your needs.
- Put the right training programs in place.
- Engage in sales and operations planning where cross-functional planning is required.
- Define methods for measuring performance.

5. Expect the unexpected.

The only guarantee in forecasting is that everything will not go exactly as planned. This is why having defined alternatives or backup plans (or what UPS likes to call a demand- responsive and flexible supply chain) is crucial. Companies should:

- Ensure that you have the flexibility to quickly obtain alternate supplies from the field and a time-sensitive service capability to deliver these.

Supply Chain Wiki

The Warehousing Education and Research Council (WERC) has launched a wiki aimed at supply chain professionals. The WERCipedia is designed to act as an interactive online glossary, with a searchable collection of terminology, acronyms, abbreviations and other information. Users will be able to add new terms as well as modify definitions of existing ones. You can check it out at www.werc.org.

- Look at time-definite transportation services and options for shortening lead times and making them less variable.
- Ensure that you are working with carriers/vendors/partners that have flexible business models.
- Plan ahead -- for every scenario.

Reprinted from Industryweek.com

Dead Stock

By John H. Van Vliet III, Ph.D.

Inventory stocks represent a substantial amount of money for many companies. Recognizing that inventory shortfalls (stockouts) can seriously disrupt operations, inventory managers work to create inventory management procedures that are efficient and effective. Efficient inventory management will productively use the financial assets committed to inventory stocks. Effective inventory management will satisfy the needs of internal or external customers by avoiding stockouts. Much of the work in the area of inventory management has sought to achieve efficient and effective inventory levels by focusing on the communication of requirements for items and on the development of effective ordering controls for those items.

There are numerous ordering control techniques available in today's market. For the most part, these methods and their variants share some common elements. They use an "available stock on hand" level to trigger the need to replenish an item. This level can be fixed or it can change based on usage rates. Then they use various mechanisms to determine how much to purchase. This purchase quantity can be a fixed quantity, a quantity based on usage or cost, or, as in the case of the economic order quantity (EOQ), a quantity based on the costs of ordering and the costs of maintaining inventory.

What happens after the purchasers are finished and the items are on the shelves? If the demand forecast was accurate, then the items will be sold over time and new stock will be purchased to replenish them. However, if the forecast was wrong on the optimistic side, then the items will move off the shelves slowly or not at all. This creates a new problem: sluggish, inactive, or dead stock in the warehouse.

Dead stock is a double loss. The money used to purchase the stock in the first place is consumed. On top of that, maintaining dead stock in a warehouse involves annual carrying costs to count, store, and insure the items. Financial logic indicates a company should rid itself of the dead stock and avoid the carrying costs even if the dead stock must be totally written off.

The magnitude of the problem varies from company to company. Some managers are disciplined in writing off dead stock and may, accordingly, carry inventories with a relatively small percentage of dead stock. Others may be more reluctant to write off and may carry a larger percentage of dead stock. In an effort to understand the magnitude of the problem of dead stock, the author studied the inventory of five companies in the distribution industry. In each company, the study measured the dollar volume of the inventory on hand, the dollar volume of inventory that had been inactive for greater than 6 months, and the dollar volume of inventory that had been inactive for greater than 12 months. (An inactive item is one that has not been sold, transferred or purchased within the time frame.) The results were calculated as percentages of each company's total inventory.

These companies carry substantial amounts of dead stock. The amounts range from a low of about 5 percent to a high of greater than 20 percent. The company that reported the lowest percentage of dead stock, as one would expect, systematically reviews dead stock for write off. The organization reporting the highest percentage of dead stock rarely writes off stock that has not moved. In all cases, the amount of capital tied up in dead stock is substantial.

Writing off dead stock is an expensive process. Accepting that sales forecasts and ordering algorithms cannot be perfect, it seems inevitable that a company will purchase some stock it cannot use. Is this stock destined to become dead and written off, or is there something else to be done?

Many suppliers will accept returns of stock under certain conditions, and this offers a path forward for the dead stock problem. One can imagine a purchasing manager functioning partly as a return manager. In many organizations, purchasing algorithms supported by data from the organization's information system generate purchase orders that may or may not be reviewed by human purchasing managers. The purchasing manager can build a gross filter to catch major errors in the system—for example, only show orders with a value in excess of \$5,000. The filter would catch major errors and permit other purchases to be processed automatically. This would free time for the purchasing manager to focus attention on inventory that is not moving well. The task of the manager would be to identify stock that can be returned before it exceeds expiration dates or agreed return time limits.

There is no guarantee that all companies could achieve significant savings by going this route. However, the author's experience strongly suggests that purchasers can make a substantial future contribution to the bottom line of their companies by focusing attention on returning items before they become inactive or dead.

John H. Van Vliet III, Ph.D., is an associate professor in the School of Business Management at Shorter College. He has seven years experience as an operations manager and as director of a large business unit in the electric parts distribution industry. He is a graduate of West Point and served in the military for 24 years.

Reprinted from APICS Extra



EMPLOYMENT NEWS

Project Leader, Procurement Staff – Materials Manager:

A Project Leader may be required to participate in any or all portions of the Procurement function to include, but not be limited to cost estimating, supplier selection, cost analysis, negotiation, order writing, review of terms and conditions, training, procedures, administration, department budgets, core team materials management, program status, and/or leading teams in support of larger projects.

Requirements:

Bachelor Degree

Six or more years experience in the Purchasing function
Knowledge of relevant Accounting, Manufacturing, Engineering Operations, and Contracts operations.
Knowledge of company purchasing policies, contract law, Government Procurement Regulations and other relevant procurement regulations.

Basic knowledge of industry practices and engineering design. Knowledge of spreadsheet, word processing, presentation, and MRP systems software.

Knowledge of material specification sheets.

Ability to manage multiple projects simultaneously under frequently changing priorities.

Must possess superior negotiating and relationship

management skills.

Ability to lead project teams.

Ability to obtain security clearance.

Professional Development Meetings At A Glance

12/4-6/07- *Logistics of NJ Food Bank*

- *Laura S. Sodano*

1/17/08- *"Who owns Finished Goods Inventory?"*

- *Bill Nickle*

Our Professional Development Meetings are held at the Hanover Manor in East Hanover. Check our web site for more information at www.apics-westjersey.org

Senior Member Procurement Staff – Sr. Buyer (2 positions):

Participate in any or all of the following Procurement functions: estimating, solicitation of quotations, proposal evaluation, fact-finding, vendor selection, liaison and management, cost analysis, negotiation, order writing, purchase order administration, department budgets and program status for moderately complex/high dollar value commodities.

Requirements:

Bachelor's degree or the equivalent experience as defined as follows:

3 - 5 years buying experience including use of MRP and negotiating with suppliers.

3 - 5 years experience with FAR and either electronic or mechanical commodities is desirable.

Six or more years of relevant experience in purchasing mechanical and electronic parts and materials in a military contractor environment.

Company purchasing policies; contract law and other relevant procurement regulations.

Basic knowledge of industry practices and engineering design.

Knowledge of spreadsheet, word processing, presentation, and MRP systems software. Knowledge of material specification sheets.

Ability to manage multiple projects simultaneously under frequently changing priorities.

Must possess superior negotiating and relationship management skills.

Ability to obtain security clearance.

For both above positions contact:

Joseph Maltais

Recruiter - Aerotek Professional Services

600 Parsippany Road Suite 101A

Parsippany, NJ 07054

The **West Jersey Chapter** of APICS provides as a service to its members information on new positions.

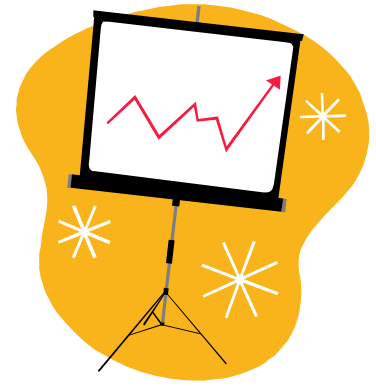
If you are interested in any of these opportunities please send your resume electronically to Vice President Employment at employment@apics-westjersey.org.

To advertise a job opening, please send position overview to Vice President Employment at dwohl@apics-westjersey.org.

Next PDM November 15, 2007

**Demand-Driven Benefits for Consumer
Products Companies**

*COME JOIN US!
NETWORK & LEARN*



The Association for Operations Management



PLATINUM AWARD in APICS Passport
Program